<u>REMARKS</u>

Applicants respectfully request reconsideration and allowance of the subject application. Claims 1-29 are pending in the application.

All claims have been rejected as being anticipated under §102 in over US Patent 6,055,314 to Spies et. al (hereinafter Spies) or as being obvious under §103 in light of Spies and Powerfile C20 FAQs (hereinafter Powerfile).

Both the §102 and §103 rejections rely on Spies. Spies discloses a system in which a customer, when purchasing a DVD or otherwise purchasing video content, also receives "decryption capabilities" from the vendor of the DVD. In the case of purchasing a DVD, the decryption capabilities are placed on an IC card that is carried by the user. In one described scenario, the user presents the IC card to the vendor when purchasing the DVD, and the vendor transfers the decryption capabilities to the IC card. The decryption capabilities can include a "program key" (col. 2, l. 59). In another scenario, the decryption capabilities can be obtained via network and then stored on the IC card (col. 3, ll. 5/18).

Once the decryption capabilities are in the IC card, the IC card is used in conjunction with a playback device to decrypt the purchased DVD or other video content.

It is respectfully submitted that the mechanisms described by Spies do not include the elements recited by the claims.

Independent claim 1 recites a server device having a "DVD drive," and a " key exchange server." A client device has "a key exchange client and a decoder". Claim 1 further recites that the "key exchange client and the key exchange server . . . pass one or more keys *from the DVD* to the key exchange client . . .". Spies

does not disclose passing one or more keys from a DVD. Although Spies discusses various types of keys and communication of keys between different components, including servers and clients, Spies does not disclose passing keys from DVDs.

In addressing this element of claim 1, the Examiner references col. 3, lines 40-45 of Spies. This paragraph states that a content provider supplies an encrypted video stream on a network or DVD. The last sentence of the paragraph states that decryption is performed at the client by using the decryption capabilities of the IC card. Lines 40-45 do not discuss keys other than the "stored program key" held by the IC card. There is no description of any keys being transferred "from the DVD" to a client.

Accordingly, Spies fails to disclose every feature of claim 1, and the §102 rejection of claim 1 is unfounded. Withdrawal of the rejection is respectfully requested.

Dependent claims 2-12 are allowable because of their dependence from allowable base claim 1, and also for their additionally recited elements. Although claims 2 and 12 are rejected as being obvious over a combination of Spies and Powerfile, Powerfile does not describe the element discussed above that is absent from Spies. Therefore, the arguments above apply as well to claims 2 and 12— Powerfile is not asserted by the Examiner to suggest transferring keys from the storage DVD.

Independent claim 13 recites "content on [a] removable storage medium," "obtaining the one or more keys from the removable storage medium," and "communicating the one or more keys to the remote client computing device."

Thus, the keys communicated to the client are obtained from the removable storage medium that also contains the content.

Spies does not disclose this. In addressing this issue, the Examiner relies upon col. 13, lines 24-23, of Spies. This paragraph describes purchasing video-on-demand, but fails to describe any type of removable storage medium, or any keys stored on a removable storage medium.

Accordingly, Spies fails to disclose every element of claim 13, and the §102 rejection of claim 13 is invalid.

Dependent claims 14-18 are allowable because of their dependence from allowable base claim 13, and also for their additionally recited elements. Although claims 14-16 are rejected as being obvious over a combination of Spies and Powerfile, Powerfile does not describe the element discussed above that is absent from Spies. Therefore, the arguments above apply as well to claims 14-16—Powerfile is not asserted by the Examiner to suggest transferring keys from the storage medium itself.

Independent claim 19 recites "a key exchange process with a disc drive." Spies does not disclose this. Again, the Examiner relies on col. 13, lines 24-30, of Spies with respect to this recited element. However, this paragraph of Spies does not mention a disc drive, and therefore certainly does not describe a key exchange with a disc drive.

In addition, claim 19 recites "communicating . . . one or more keys from the disc . . .." As discussed with regard to preceding claims, Spies does not disclose the use of keys from discs.

Allowance of claim 19 is therefore requested.

Dependent claims 20-23 are allowable because of their dependence from allowable base claim 19, and also for their additionally recited elements.

Independent claim 24 recites a server component, and a DVD drive on the server component. In addition, claim 24 recites that the server component "operates as an intermediary between a DVD player on the client component and a DVD drive on the server component." Again, Spies does not show this.

In addressing this element, the Examiner relies upon Spies at col. 12, lines 8-53. This portion of Spies describes various details relating to key exchange, and starting at line 39, describes how a viewer decrypts video from a distribution medium. The decryption involves the "viewer computing unit," the IC card, and a DVD reader. However, Spies does not describe a server component that has a DVD drive and that "operates as an intermediary between a DVD player on the client." The Examiner has not indicated any proposal for how the components of Spies might be correlated to the elements recited in claim 24, and the Applicant does not believe any reasonable correlation exists.

Accordingly, it is believed that claim 24 is allowable.

Dependent claims 25-26 are allowable because of their dependence from allowable base claim 24, and also for their additionally recited elements. Although claim 26 is rejected as being obvious over a combination of Spies and Powerfile, Powerfile does not describe the characteristics indicated above that are absent from Spies. Therefore, the arguments above apply as well to claim 26— Powerfile is not asserted by the Examiner to suggest "an intermediary between a DVD player on the client component and a DVD drive on the server component."

Independent claim 27 recites a server component configured to "exchange Content Scrambling System (CSS) keys between a DVD drive of the system and

the key exchange client component." Spies does not describe exchanging keys between a DVD drive and any other component.

In rejecting claim 27, the Examiner states that this element is addressed by Spies at col. 12, lines 8-53. Within these lines, however, Spies only discusses a DVD drive at lines 49-53. And within lines 49-53, Spies does not discuss exchanging keys with a DVD drive.

Accordingly, Spies does not show every element of claim 27, and should be allowed.

Dependent claims 28-29 are allowable because of their dependence from allowable base claim 27, and also for their additionally recited elements. Although claim 29 is rejected as being obvious over a combination of Spies and Powerfile, Powerfile does not describe the characteristics indicated above that are absent from Spies. Therefore, the arguments above apply as well to claim 29— Powerfile is not asserted by the Examiner to suggest exchanging keys between a DVD drive . . .."

Conclusion

All claims are in condition for allowance. Applicants respectfully request prompt allowance of the subject application. If any issue remains unresolved that would prevent allowance of this case, **the Examiner is requested to contact the undersigned attorney to resolve the issue**.

Respectfully Submitted,

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By: _Daniel L Hayes_
Daniel L Hayes
Lee & Hayes, pllc
Reg. No. 34,618
(509) 324-9256 ext. 212